

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



DAN F. ARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

nsedwar@regstaff.sc.gov

Nanette S. Edwards
Chief Counsel and Director of Legal Services

October 17, 2008

VIA ELECTRONIC FILING

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application Requesting an Extension of Local Phone Service for Residents of the
Landrum and Campobello Communities to All the Spartanburg Exchange
Docket No. 2008-223-C, Order No. 2008-445

Dear Mr. Terreni:

Attached please find the Office of Regulatory Staff ("ORS") Feasibility Study. Please note that the attached document is an exact duplicate, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

By copy of this letter we are also serving all other parties of record. Please let me know if you have any questions.

Sincerely,

Nanette S. Edwards

NSE/clm
Attachment

cc: Parties of Record

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



DAN FARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

DAWN M. HIPPIE
DIRECTOR
TELECOMMUNICATIONS, TRANSPORTATION, WATER/WASTEWATER

October 17, 2008

Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
Public Service Commission of South Carolina
P.O. Drawer 11649
Columbia, South Carolina 29211

Re: Application Requesting an Extension of Local Phone Service for Residents of the
Landrum and Campobello Communities to All the Spartanburg Exchange
Docket No. 2008-223-C, Order No. 2008-445
Office of Regulatory Staff ("ORS") Feasibility Study

Dear Mr. Terreni,

The Public Service Commission of South Carolina ("Commission" or "PSC") issued Order No. 2008-445 ("Order") on June 17, 2008 in the above reference docket. The Order requested that the ORS investigate the feasibility of extending the local calling area of Campobello and Landrum to include the Spartanburg exchange and report its findings to the Commission. ORS submits the following feasibility study for the Commission's review.

Feasibility Study

Extension of Local Calling from Campobello and Landrum to Spartanburg

I. Current Calling Scope and Rates

<u>Exchange</u>	<u>Additional Exchanges</u>
Campobello	Inman, Landrum, Tryon, Green Creek and Columbus
Landrum	Campobello, Inman, Tryon, Green Creek and Columbus
Spartanburg	Chesnee, Cowpens, Enoree, Inman, Lyman, Pacolet, Woodruff

Windstream South Carolina, Inc. ("Windstream") is the incumbent local exchange carrier serving the Campobello and Landrum communities. AT&T South Carolina, Inc. ("AT&T") is the incumbent local exchange carrier serving the Spartanburg community. Local calling between the Campobello and Landrum exchanges currently exist. The Windstream current basic residential local exchange rate is \$15.29 and the business local exchange rate is

\$30.57. The AT&T current basic residential local exchange rate is \$15.48 and the business local exchange rate is \$42.30.

II. Optional Calling Plans

Both Windstream and AT&T offer customers optional calling plans to allow customers to call beyond the existing local calling scope. Windstream Plus provides service within a forty mile intrastate/intraLATA radius of a customer's local serving wire center. A call to Spartanburg from the Campobello and Landrum communities would be within this forty mile radius. The service rates for Windstream Plus single line residential and business are as follows:

Windstream - Single Line Residential Service Calling Plan

	Monthly Recurring	Local Usage Rate/Minute	Max Usage Charges	Usage Rate for Calling in Extended Local Calling Area
Plan A	\$7.33	\$0.02	\$15.00	\$0.11
Plan B	\$9.33	\$0.016	\$15.00	\$0.088
Plan C	\$28.33	\$0.00	NA	\$0.00

Windstream - Single Line Business Service Calling Plan

	Monthly Recurring	Local Usage Rate/Minute	Max Usage Charges	Usage Rate for Calling in Extended Local Calling Area
Plan A	\$23.66	\$0.02	\$25.00	\$0.11
Plan B	\$26.66	\$0.016	\$25.00	\$0.088
Plan C	\$38.66	\$0.01	\$25.00	\$0.055

AT&T offers the following local toll plans to customers in the Spartanburg community:

- 1) Residence Custom Rate Plan (intraLATA toll plan)
Rate: \$0.10/minute with no recurring monthly charge.
- 2) Residence and Business Saver Service Discount Plan (intraLATA toll discount)
Rate: Monthly usage discount percentage can range between 10%-60%
- 3) Residence and Business Saver Service Budgeting Plan
Rate: Monthly usage discount is applied to peak and off-peak calling

III. Revenue Impact

As part of this review, ORS requested Windstream and AT&T to provide call volumes between the studied exchanges, revenue impact and costs associated with expected upgrades to the network. Study results were based on data collected during the second and third quarter of 2008. Since the information provided is market sensitive, both AT&T and Windstream requested the information be treated as confidential and not be released without prior consent of the companies.

ORS reviewed the revenue losses estimated by each company associated with potential implementation of extended area calling. Revenue losses can be associated with switched access services, customer migration from area calling plans and toll services. If this extended local calling were to be implemented, AT&T estimates its annual revenue losses at \$56,028 and Windstream estimated its annual revenue losses at \$170,278 for a total of \$226,306.

IV. Network Upgrades

If the Commission requires AT&T to extend local calling service to Campobello and Landrum from Spartanburg, AT&T will incur additional network expenses to add switching and trunking facilities. AT&T estimates these annual expenses to be \$7,313. Windstream does not anticipate any additional network investment.

V. Directory Expenses

Windstream indicates it will incur additional annual directory expenses of \$44,660 to include new customer listings in the directories affected by the proposed calling scope.

VI. Total Cost Estimate for Implementation of Two-Way Extended Local Calling

Two-way extended local calling implementation between Campobello, Landrum and Spartanburg will cost Windstream customers approximately \$214,938 on an annual basis. Windstream calculates the monthly residential extended local call service adder is \$3.54 and the monthly business extended local call service adder is \$7.08.

AT&T customers will pay an additional \$0.10 per month to call Campobello and Landrum from Spartanburg recover the additional \$63,341 in network expenses and lost revenue.

VII. Total Cost Estimate for Implementation of One-Way Extended Local Calling

One-way extended local calling implementation between from Campobello and Landrum to Spartanburg will cost Windstream customers approximately \$237,200 on an annual basis. Windstream calculates the monthly residential extended local call service adder is \$3.90 and the monthly business extended local call service adder is \$7.81.

VIII. Customer Input

As of the date of this study, ORS has not received any inquiries from customers in Campobello, Landrum or Spartanburg related to this Docket or related to extended local calling between these communities. If the Commission would like to consider input from affected customers, a ballot process or public notification may be used. Windstream estimates balloting costs will range from \$1,300 (bill insert directing customers to call an 800 telephone number to record vote) to \$6,769 (traditional ballot with return envelope and postage).

IX. Alternative Options

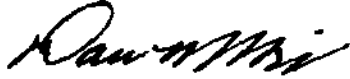
According to the Federal Communications Commission, consumers today have numerous cable, wireless, VoIP and competitive local exchange carrier options available to them. Consumers are migrating from local calling plans to nationwide calling plans and unlimited local and long distance bundles.

X. Feasibility Recommendation

Based on the cost for implementation of one-way or two-way extended local calling service between Campobello, Landrum and Spartanburg, ORS recommends that customer input should be sought either through a hearing or through one of the ballot processes described above.

Please contact me at 803-737-0814 if I can provide any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dawn Hipp", written in a cursive style.

Dawn Hipp

Director

Telecommunications, Transportation, Water and Wastewater

cc: Les Addis, AT&T
Jayne Eve, Windstream